



City Auditor

Date: April 24, 2008
To: Audit and Finance Committee
From: Gary Ray, City Auditor *GR*
Subject: Mesa Municipal Court - 2006 MAS External Review Follow-up

In April 2007, we issued our 2006 External Review Report on the Minimum Accounting Standards (MAS) for the Mesa Municipal Court. The Arizona Supreme Court requires that this review be performed every three years.

In accordance with our practice of conducting follow-up examinations 8-12 months after issuing a report, we are enclosing our report for the follow-up review recently conducted. We are also attaching the Court's response to our report.

The recommendations made by our Office have been implemented. We would like to thank the Mesa Court personnel for their cooperation and professionalism during our follow-up review.

If you have any questions, please call me at 3210, or Jerry Faccone at 2403.

c: Matt Tafoya, Presiding City Magistrate
Paul Thomas, Court Administrator
Lenny Montanaro, Deputy Court Administrator

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Date: April 15, 2008

To: Audit and Finance Committee
Matt Tafoya, Presiding City Magistrate
Paul Thomas, Court Administrator
Lenny Montanaro, Deputy Court Administrator

From: Gary Ray, City Auditor

Subject: **Follow-up to the 2006 Minimum Accounting Standards (MAS)
External Review performed for the Mesa Municipal Court**

On April 9, 2007, we issued our Final Report on the 2006 External Review of Minimum Accounting Standards (MAS) for the Mesa Municipal Court. The Arizona Supreme Court requires that this Review be performed every three years. Our Report included three Corrective Action Plans detailing our findings and recommendations. In accordance with our practice of conducting follow-up examinations 8-12 months after issuing a final report, we recently evaluated the Mesa Court's adherence to our recommendations. The following are our comments on the Corrective Action Plans.

Corrective Action Plan #1 – Change Fund

The cash assigned to the cashiers for making change was not being reconciled on a daily basis. Testing revealed that the amount assigned to one cashier was short. The shortage should have been revealed through Court reconciliation procedures.

We recommended that written procedures be updated to require the daily reconciliation of the cashier change. The change should be reconciled by the cashiers at the end of their shifts and verified by the Court financial team.

The cashiers perform a daily electronic reconciliation of posted revenue receipts. Court procedures have been updated to require that a daily reconciliation of the change be added to this process. In addition, the Court financial team now verifies the cashier change upon the opening of the safe for the morning money distribution.

Corrective Action Plan #2 – Remittance of Surcharges

The Mesa Police Department issues citations to owners of motor vehicles who fail to register their vehicles for the first time in the State of Arizona. The City had failed to remit the State's share of revenue from these citations into the Arizona Highway User Revenue Fund through the State Remittance Report for surcharges collected at the Mesa Court. The failure to forward these monies was an oversight, as all other revenues and surcharges due to the State of Arizona were properly remitted.

We recommended that the accrued monies be immediately remitted to the State. Also, the revenue accountant should review the accrual accounts for monies not reported and distributed to the appropriate agencies.

We currently traced the accrued surcharges from the general ledger to the required remittance reports. All Court surcharges are being properly distributed.

Corrective Action Plan #3 – Court Case Records

The City of Mesa Accounting Division prepares check transmittals that list checks paid for court bond refunds, restitution payments and overpayments. Copies of the transmittals are sent to the Mesa Court, where employees input the check disbursement data into the individual case records to satisfy Minimum Accounting Standards. The Court did not receive copies of the transmittals from April through November 2006 resulting in the applicable case records not being properly updated.

We recommended that the Accounting Division provide the Court with the necessary check transmittals so that records could be updated for the period in question. This has been accomplished and the Accounting Division is continuing to provide the transmittals. In addition, weekly receipt of the check transmittals is now included on the Court's Financial Priorities checklist.

Conclusion

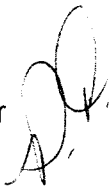
The Mesa Municipal Court has implemented the recommendations from our 2006 External Review. We commend Court personnel for their actions that have satisfied the Minimum Accounting Standards.

J. Matias Tafoya
Presiding Judge

Paul E. Thomas
Court Administrator

MEMORANDUM

TO: Gary Ray, City Auditor

FR: Paul Thomas, Court Administrator 

DATE: April 18, 2008

RE: **2006 MAS External Review Follow-up**

Please note that the Court accepts the Follow-up Report of April 16, 2008 as confirmation of compliance with the items referenced in the report, and that there are no outstanding issues as the result of the original audit. My observations are that this audit was very thorough and detailed, and affirmed the stability of the court's financial processes.

Once again, let me express my appreciation for your assistance, along with thanks to Mr. Faccone for his time and efforts on our behalf.

Should you require anything further, please let me know.